

**FISCAL YEAR 1998 BUDGET  
OF  
CHRISTINE TODD WHITMAN  
TRANSMITTED TO THE SECOND ANNUAL SESSION  
OF THE TWO HUNDREDTH AND SEVENTH LEGISLATURE**

Senate President DiFrancesco, Speaker Collins, members of the Legislature, good afternoon.

Ladies and gentlemen, two weeks ago in my State of the State address, I outlined my vision for New Jersey.

A New Jersey that people would be proud to call home because they knew that there were good jobs available, that they were safe in their homes and on their streets. A New Jersey where their children could get a superior education and they could enjoy a clean and healthy environment.

Fellow New Jerseyans, this budget builds on what we have done these past three years to reach that vision.

For three years we have treated State spending with the care and discipline a family applies to its own budget -- not just because it's good fiscal policy but because it's your money.

With each budget, we have cut taxes to promote job growth and enable you to keep more of your hard-earned dollars.

For three straight years, we have put taxpayers first. We have held budget growth to less than half the rate of inflation while dramatically increasing our commitment to property tax relief.

In fact, between school funding, county court takeover, transportation aid, and other forms of assistance, the State will provide nearly three quarters of a billion dollars more for property tax relief this year than when I took office.

We are providing better government and lower taxes.

Had we not worked together to change the way things were, New Jersey would be hurtling toward a 20-billion dollar budget that nobody could afford. Huge tax increases would be threatening us all.

Instead, working with this Legislature, we made sure that nightmare never happened.

I'm proud to say we cut taxes and brought the budget appetite under control.

Our 16.4 billion dollar budget for fiscal year 1998 keeps New Jersey on the right road toward a safe and prosperous future.

This budget is balanced, smart, and responsive. It's a budget that spends our dollars on the things we care about without bankrupting the present or mortgaging the future.

This budget is not about preserving the institutions of government. It's about improving the lives of people and making us proud of our state.

It's about healthy children.

It's about fighting drugs and crime.

It's about helping businesses create jobs.

It's about cleaner air and cleaner water.

This budget proposal is only 1.3 percent above last year's appropriations --- well below the rate of inflation. This gives us the lowest four-year growth rate in government spending in a quarter-century.

This budget maintains municipal aid and holds New Jersey Transit fares down for a record seventh straight year.

This budget preserves the 30 percent income tax cut, the property tax deduction, and all our other tax cuts.

This budget expands vital programs for our most vulnerable citizens and moves people on welfare into work.

## GOVERNOR'S MESSAGE

---

And it maintains a 550 million dollar surplus to preserve New Jersey's AA+ bond rating.

In short, we've said no to wasteful spending and yes to investing in a better life for all of us.

By the end of June, we will have already produced tax cut savings to the people of this state totaling 2.8 billion dollars. By the end of the next fiscal year, those savings will rise to 4.4 billion dollars.

That's your money back into your pockets.

And you know what? Even though we've cut taxes 10 times, total revenues have gone up by 1.2 billion dollars. That's because more people are working, spending, saving, and investing in New Jersey.

In fact, our tax cuts have helped New Jersey businesses create a net gain of nearly 155,000 new jobs. We've replaced every job lost since 1994 and then added another 155,000 jobs on top of that. I'm proud that New Jersey has recaptured its place as an economic leader in the Northeast.

We have treated every tax dollar with care. We've cut costs on everything from copiers to health care policies. We've stopped running government programs that are not essential or that the private sector can run better. And we've found ways to improve our bottom line without reaching into your back pocket.

But the job's not done.

This budget, as with each one that I have submitted, contains thousands of decisions about the priorities of state government. Today, I'd like to talk about some of our most important initiatives in this budget.

New Jersey is one of only five state governments in the country still in the business of administering a Temporary Disability Insurance Fund. We shouldn't be.

Private firms already provide this insurance just as efficiently.

So with this budget we are proposing to sell the fund for 200 million dollars.

Let me assure you: We will make certain that every hard- working New Jerseyan who is entitled to this benefit receives it promptly without any change in benefit levels.

I am also excited about our pension bond proposal. Here are the facts. Like three dozen other states, our pension fund has an unfunded liability.

With this proposal, pensioners can rest easy knowing that their pensions are fully funded and that the money will be there when they retire.

We are saving today's taxpayers millions of dollars by taking advantage of favorable market conditions and low interest rates to lock in tomorrow's pension payments at today's prices.

And we are protecting future generations by refinancing this obligation over a shorter period of time.

Clearly, this proposal is good for us today and good for our grandchildren tomorrow.

But this budget is about more than numbers. It's about responding to the needs of real people. As I have traveled the state over the past three years, I have listened to parents and teachers, business leaders and factory workers, school children and senior citizens.

This is a people's budget, from the jobs it helps create to the schools it helps improve to the clean water it helps provide, because we share a vision for New Jersey.

One of the most frequent complaints I hear from families and businesses is the high cost of gas and electricity. Homeowners feel the squeeze in their utility bills each month. And businesses say it is a barrier to job creation.

This budget takes advantage of federal deregulation of the energy industry and lowers energy costs while bringing the savings home to you on your utility bills.

We propose to overhaul the Gross Receipts and Franchise Tax. This reform will level the playing field by requiring all energy providers to pay the same tax.

This plan will give local governments a stable and predictable source of municipal aid. That's good news for property taxpayers.

This plan will reduce energy tax rates for all existing utility customers over the next five years. That's good news for businesses.

And ultimately, along with competition, it will help bring down utility bills by 5 to 10 percent.

That's good news for everyone because it's money back in your pocket.

Families and businesses will also benefit from our investments in capital programs like our 700 million dollar Transportation Trust Fund this year.

All told, the State will invest nearly 2 billion dollars to repair and improve our public infrastructure in transportation, environmental protection, and public health. This investment will support more than 50,000 construction related jobs during the next fiscal year.

Never has so much money been put to work improving New Jersey. Never have so many projects created so many jobs.

This budget supports a stronger, healthier economy in other ways.

Once again, we invest in promotional advertising for travel and tourism, New Jersey's second biggest industry. And we continue to preserve our magnificent Shore by maintaining 15 million dollars for Shore protection.

We are also making sure that our cities can enjoy the fruits of prosperity.

I have heard from urban entrepreneurs who have had trouble getting start-up capital for their businesses.

Well, I am delighted to report that our Fund for Community Economic Development now has a commitment of 30 million dollars in public and private funds. This money will be available to help new business enterprises in cities throughout the state. And we expect that investment to grow.

We have another problem in our cities: industrial sites that lie abandoned. These run-down factories are blights on the urban landscape. We're doing something about these so-called brownfields.

We've already appointed a brownfields coordinator and are issuing new regulations to make it easier to clean up these sites. This budget will now help us market brownfields to businesses looking to build or expand in New Jersey. And by rebuilding where the roads and sewers are already in place, we can create new businesses and more property tax revenues for our cities and preserve New Jersey's open space.

Revitalizing these sites is another way we are promoting a healthy environment and a sound economy while restoring common sense to regulation.

To put it more colorfully, we are keeping our state green, our ocean blue, and our businesses in the black -- without choking everyone in red tape.

This budget makes good use of the corporate tax revenue share we voted to dedicate for environmental purposes.

Over the next 18 months, these revenues will generate more than 80 million dollars to promote a cleaner environment. That money will help remove underground fuel tanks and clean up more than a hundred hazardous waste sites. We will also invest 10 million dollars of that amount to create a system that measures the impact of all pollution on entire watersheds.

This budget provides funding to monitor our valuable natural lands, including wetlands. This has never been done in a comprehensive way in New Jersey and yet it must if we are to protect these resources.

We will also commission a study of fish to help us monitor the quality of our lakes and streams. These initiatives help demonstrate our commitment to put environmental progress ahead of bureaucratic process.

But we in state government can do even more. I am pleased to announce a new cleaner fuels initiative. We will buy 50 new buses that use clean-burning compressed natural gas. We will build a state-of-the-art natural gas refueling facility in Howell. We will also experiment with other buses that run on newer forms of energy such as hybrid electric or fuel cells.

## GOVERNOR'S MESSAGE

---

We will also go after those 18-wheelers that leave you choking in a cloud of diesel smoke. We already conduct spot-checks of diesel trucks along our highways. Starting this spring, we will slap heavy fines on truck drivers who haven't cleaned up their act.

We are all responsible for clean air.

There is one aggravation that no commuter should have to face -- a highway sign that is misleading, misplaced, misspelled, or just plain missing. I often hear from citizens and visitors who spent needless hours trying to find their way because confusing road signs led them astray.

The first sign you see when you enter our state says "Welcome to New Jersey." The next sign shouldn't say "Get Lost."

This budget continues our efforts to replace damaged signs and add new ones to give drivers more help in navigating New Jersey highways. And I encourage anyone who spots a confusing sign to write to me so we can fix the problem and steer you right.

I wish it were as easy to fix the problem of crime. We all agree that government has a fundamental obligation to protect every law-abiding citizen. And we all stand together in fulfilling that obligation.

We have gotten tough on crime through measures like Megan's Law, Three Strikes, and the Cops' Bill of Rights.

Over the course of my administration, we have increased spending for criminal justice and public safety by 328 million dollars. That includes a 70 percent rise in our spending to combat juvenile crime, and 65 million dollars in fiscal 1998 to run our new 3,200-bed prison.

This budget expands on our boot camp effort to put juvenile offenders back on the straight and narrow. This spring, we will open a second boot camp that takes a tough, no-nonsense approach to breaking the cycle of crime among young offenders, 18 to 26 years old.

I have also directed that this budget pay for our fourth State Trooper class. Over four years, we will have graduated 379 new Troopers to replenish our ranks, patrol our roads, and protect our families.

This budget will also bolster our commitment to safe schools and communities, aggressive consumer protection, and the civil rights of every law-abiding citizen.

We can take pride in our efforts to protect the public and promote justice. But we cannot take comfort.

As long as law-abiding citizens live in fear that violent criminals will be out on the street after serving only half their sentence, we have not done enough.

Plain and simple, we must keep violent criminals behind bars for as long as we have a reason.

New Jersey sentencing laws must change. We must make the most violent offenders serve at least 85 percent of their sentence before they become eligible for parole.

I pledge today to sign a meaningful sentencing bill as soon as it reaches my desk.

I also give you my word that we will fight hard to stop illegal drugs.

Last year I spent two nights riding with the State Police on drug sweeps in Camden. I saw people drive in from the suburbs to buy drugs. I heard drug dealers yell "5-0, 5-0!" to warn each other that the police were moving in. I've heard the frustration of law-abiding citizens who are trying to carve a decent life out of the chaos.

I know how drugs can poison communities. I've seen it firsthand.

That is why I have made drug enforcement a top priority for every law enforcement official in the state.

New Jersey already has aggressive drug laws. Today, I am calling on the Legislature to make them even tougher.

I propose that we make large-scale marijuana dealing a first-degree crime.

I want harsh penalties for dealers who carry firearms or set crack-house boobytraps to maim or kill officers who pursue them.

And I want to make sure that drug dealers will never profit from their crimes. I propose that we enable the State to put a lien not only on the current profits of these criminals but also on their future earnings until they've paid society back in full.

In New Jersey, our message is clear: crime does not pay, but criminals will.

Of course, it's not enough to deal only with dealers. We must also curb the demand for drugs, which has contributed to so many crimes. This budget points the way.

We will set up drug courts in four counties as a pilot. We will more than double our capacity to treat drug addiction among state prisoners. We will randomly test parolees who finish their drug treatment -- and if they can't stay clean, we will send them back to prison.

By arresting the addiction, we can stop the revolving door of drug-related crime.

There's no doubt that the best investment we can make in the war on drugs is preventing young people from taking drugs in the first place.

When I visit schools, students often tell me the biggest influence on their decision whether or not to try drugs isn't parents or teachers, but other students. So with this budget, we will enlist student leaders across the state to educate their classmates about the dangers of drugs.

And we'll join with the Partnership for a Drug-Free New Jersey on a campaign to help carry the message to our children that drugs are poison.

Keeping drugs out of schools will enable our children to concentrate on their studies, which are going to be a lot more demanding under our new core curriculum.

There is no question that investing in excellent schools pays dividends in future prosperity.

This budget dedicates over 5 billion dollars to public education. This amount includes our historic new school funding plan that deepens our commitment to direct State aid by 286 million dollars.

Our dollar commitment is exceeded only by our academic commitment. By linking aid directly to high

standards in core subjects like math, science, and English, we will guarantee that every public-school student in New Jersey receives a superior education.

Fellow New Jerseyans, we have answered your call for better schools -- and we are doing it without raising taxes.

As we improve public schools, we also recognize the work of our private and parochial schools, particularly in teaching students with special needs. With this budget, I am proposing an increase of 2.6 million dollars in nonpublic school aid to help pay for textbooks and meet the needs of students with disabilities.

Education does not stop at high school graduation, and neither should state government's support. Higher education must remain accessible and affordable for all New Jersey families.

With this budget, direct aid to higher education will be 110 million dollars higher than when I took office. At more than 1 billion dollars each year, New Jersey remains one of the most generous states in our commitment to higher education -- especially when it comes to student aid, where we rank fifth in the nation.

We maintain our commitment to the Educational Opportunity Fund and Tuition Aid Grant programs. In fact, this budget allows for a 3.5 percent increase in the level of TAG grants.

Beginning July 1, we make the first installment on our new college savings program, New Jersey BEST. As I announced in my State of the State address, we will eliminate all New Jersey taxes on the interest you earn from a federally tax-deferred college savings account.

And don't forget, if you save for at least four years and your child or grandchild enrolls at a New Jersey college or university, we will add 500 dollars, tax-free, to your account. We will make it pay to go to college in New Jersey.

I have heard from college presidents about the urgent need to upgrade their technology. I listened, and this budget delivers.

Today, I am happy to propose a 50-million dollar Higher Education Technology Bond initiative. With matching funds, colleges can purchase technology that will enable

## GOVERNOR'S MESSAGE

---

them to forge new partnerships with other colleges and K-12 schools, and spend tuition dollars more efficiently.

We will equip our colleges to produce better-prepared students for better jobs.

The State is not in the business of controlling college budgets. But we can help our institutions look for efficiencies to keep higher education affordable for New Jersey families.

Using the model of our successful local budget review teams, we will offer to send college-finance experts to help our state universities and colleges find new ways to save. If we can help a community knock down local tax bills, we should be able to help a campus hold down tuition bills.

One idea we will suggest is that our colleges charge out-of-state students the actual cost of their education instead of providing a subsidy that comes out of our taxpayers' pockets.

In New Jersey, we should put our students first.

As we build better schools for our children, we won't forget our parents, who have done so much for us.

This budget reflects our commitment to New Jersey's senior citizens.

Last year I got a note from Honey Christ of Beach Haven Park who wrote to me about the homestead rebate check she received. She explained, "My husband retired 22 years ago and he receives the same pension amount all these years. There has never been an increase, so you can imagine how thankful we are for this check."

She went on to write, "I know you will never see this note."

Well, Mrs. Christ, I saw that note, and I have it right here. And you can rest easy -- this budget preserves the homestead rebate.

We also preserve PAAD -- the most generous prescription program in the nation. Smarter purchasing will help save millions of dollars without cutting vital services to needy seniors.

Let me be clear: Our proposal contains no new eligibility requirements. More important, you will not pay one penny more for your prescription.

This budget also expands the availability of community alternatives to nursing homes, such as in-home care, Assisted Living, and Adult Foster Care.

These new options will support our mission to enable more seniors to enjoy full, independent lives at less cost to themselves and to New Jersey taxpayers.

The centerpiece of that mission is New Jersey EASE, our pilot program to give seniors one number to call to find out about long-term care, health screening, transportation, and Meals on Wheels. It's our goal that by the end of next year, seniors in all 21 counties will be able to take advantage of this innovative program.

Once again, New Jersey will show the rest of the nation how to respect our elders.

New Jersey has become a national leader in another vital area -- welfare reform.

I have spoken to people throughout the state about welfare. I have listened to taxpayers who are tired of providing lifetime support to able-bodied men and women who won't work.

And I have listened to people on welfare who desperately want to become self-supporting but are afraid to take the next step because they will lose benefits for their children.

We are ready to help them take that next step with a program that will make welfare temporary --- which was its original purpose --- and move them into the mainstream of the working world.

This morning I signed two bills that launch the welfare reform plan I announced last year. I have also notified the federal government that we will be issuing regulations that set tough guidelines:

People on welfare must start working in some capacity within two years.

Teen-age parents must live under responsible adult supervision.

Anyone drawing welfare checks from two or more counties will be kicked off the rolls for 10 years.

And if you violate parole in New Jersey, you're off welfare for good.

When we pass comprehensive welfare reform, we will be able to link tough work requirements to our willingness to help people on welfare find a job and keep a job.

When the other two welfare reform bills reach my desk, I will sign them in a heartbeat.

We will do all we can to make sure that changes in federal welfare law don't harm resident aliens in our state who are elderly or disabled. Today, I am happy to announce a new citizenship campaign. We will match 2 million dollars with private charities to help resident aliens in New Jersey become U.S. citizens. In that way, we can minimize the number of them who lose federal assistance.

I want to assure parents of adult children with developmental disabilities that we have not forgotten you. With an annualized commitment of 35 million dollars in State and federal funds, we will help more than 700 families enable their loved ones to live more independently in the community.

And for the first time in nearly a decade, we will expand our program to help families who are caring for their children with developmental disabilities at home.

I am pleased to announce that, because of these initiatives, every family currently on the urgent waiting list will be offered services within the next 24 months.

This budget also allows us to help blind and visually impaired citizens use new technologies such as voice-based software and large-print computer monitors.

The blind and visually impaired members of our One Family deserve the same chance as the rest of us to participate fully in the Information Age.

New Jersey has so many things going for it. But we also have to face some difficult problems, including the scourge of cancer.

This budget supports our state cancer registry, which tracks areas of New Jersey where cancer rates are increasing. The more we can learn about this disease, the better we can work on prevention and treatment.

As I have said before, this budget is smart and responsive to people's needs.

It also continues my administration's record of trimming the State work force through prudent, program-based budget decisions, instead of mechanical, across-the-board cuts.

Over the course of my administration, we will have cut the State payroll by more than 5,000 full-time positions, exclusive of our county court takeover, while continuing to provide and enhance essential services.

In fiscal 1998, we anticipate eliminating 1,235 positions. But through the smarter use of attrition programs, a Displaced Worker Pool, and other placement strategies, the actual number of people who lose their jobs will be an estimated 320.

State employees work hard for all of us, and they deserve to be treated fairly.

At the same time, taxpayers deserve a state government which ensures that every position fulfills a necessary government function and serves its core mission.

Clearly, one of the most fundamental missions of government is to enable our youngest citizens to enjoy the pleasures of childhood and the promise of a bright future. This investment helps us all.

We are providing nearly 300 million dollars for new early- childhood education initiatives. With this money, we will help more than 100 school districts with large numbers of at-risk children set up preschool and full-day kindergarten programs.

## GOVERNOR'S MESSAGE

---

We don't forget children on welfare. This budget spends more than 100 million dollars on child care to help welfare parents move as quickly as possible into work -- because the best social program for families on welfare is a job.

We are also providing new money in this budget to help more than 2,000 children find good, loving, adoptive families. We will mount a campaign with churches, synagogues and community groups to highlight adoption resources and encourage families to consider making this commitment.

A tragedy that damages too many of our youth is child abuse and neglect -- a horror that many times is fueled by a parent's drug addiction. I am pleased to announce that we will fund two new pilot programs that combine intensive residential treatment for drug-abusing mothers with on-site care and education for their children. This way, we can stop drug addiction and keep families together.

We will also help another group of children -- those who live through the nightmare of domestic violence.

Without help, these children are much more likely to become abusers when they grow up. For the first time, we will work with specially trained counselors to mend the emotional and behavioral scars that these children carry.

Taking care of the health needs of our children today will help them become healthy adults tomorrow.

And yet, 100,000 of New Jersey's children have no health coverage of any kind. They come from low-income working families who earn too much money to qualify for Medicaid, but don't have access to private insurance.

These children receive little, if any, medical attention outside the hospital emergency room, where health care is most expensive.

I am calling on New Jersey's health insurance companies to join me in a public/private partnership to bring more children into the health care mainstream.

In this partnership, which we call Children First, insurers, corporate sponsors, government, and the families themselves will all pitch in.

Children First families will be able to buy a comprehensive health plan for their young ones. Hospitalization, immunizations, doctors' visits, and prescriptions will all be covered.

Many of New Jersey's health insurance providers have said they're eager to join us in getting Children First up and running.

The State will do its part, providing up to 5 million dollars in seed money.

And we will ask every family participating in the plan to make a modest contribution, based on their income.

This program is just the beginning. We are working toward the day when every child in New Jersey has health coverage.

We are, as I say, One Family with Many Faces. All of our children's initiatives will help us make our One Family a whole lot stronger.

My fellow citizens, this is my budget proposal. It's a people's budget -- one that responds to the concerns that the people of New Jersey have shared with me over the past three years.

This budget represents my commitment to work with you, and with legislators from both sides of the aisle, to deliver government that does not grow larger at the public's expense but better for the public's benefit.

Senate President DiFrancesco and Speaker Collins -- I look forward to working with the Legislature under your leadership, as well as that of Minority Leaders Lynch and Doria. And I will work with Budget Chairmen Littell and Kavanaugh.

We have a chance to do something great. Not only can we put the glitter back in the State House dome -- we can put excellence back into our schools.

As we celebrate the new convention center in Atlantic City and the new performing arts center in Newark, we can continue to bring prosperity to our cities. As we boast about the construction boom in places like



Elizabeth, we can build up hope for people working their way off welfare.

As we enjoy the fruits -- and vegetables -- of our Jersey Fresh farms, we can cultivate a Garden State in which good jobs grow in a healthy environment. As we cheer for heroes like the Edison Angels, our national girls softball champions, we can also empower people with disabilities to become champions in their own right.

As we honor the heroism of New Jersey's finest, we can give families and communities the protection they deserve.

Life is good in New Jersey. We can make it better. We can make it more vibrant, we can make it healthier, we can make it safer. Together, let us build a New Jersey that our children and grandchildren will truly be proud to call home.

Thank you.

Respectfully submitted

CHRISTINE TODD WHITMAN  
Governor of New Jersey

Attest:

MICHAEL TORPEY  
Chief Counsel to the Governor